

Information for Completing Health Care Contribution Worksheet (Form HC-1)

Every quarter the Vermont Department of Labor will issue a Health Care Contribution Worksheet (Form HC-1). This form, or the information it would contain, must be retained for three years.

Definitions:

Employee: Any individual, 18 years of age or older for all of a calendar quarter, employed full-time or part-time by an employer to perform services in this state, when such services fall under the definition of employment as that term is defined by section 1301(6) of Title 21 of the Vermont Statutes Annotated, in other words, the same employees you report on the upper portion of the Wage and Contribution C101 report. Hours worked by employees whose “wages” are specifically exempted from UI reporting are also excluded from health care reporting. Examples of exempted wages include but are not limited to: governmental or municipal elected officials; volunteer emergency personnel; and sole proprietors.

Employer: Any person who is required under subchapter 4 of chapter 151 of Title 32 of the Vermont Statutes Annotated to withhold income taxes from payments of income with respect to services, but shall not include the United States government.

Full-time equivalent (FTE): The number of “uncovered” employees expressed as the number of employee hours worked in Vermont during a calendar quarter divided by 520. No more than one FTE (520 hours) may be assessed against an individual employee, regardless of the actual number of hours worked by that employee during a calendar quarter.

- a) For the purpose of calculating FTEs, the phrase “hours worked during a calendar quarter” means hours worked during all pay periods in that quarter for which gross wages were reported as paid, **up to 520 hours, per employee, per quarter.**
- b) An FTE shall not include any employee hours attributable to a “seasonal” or “part-time” employee.

Seasonal employee: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to ALL of its full-time employees; and, 2) works an average of 30 or more hours per week; and, 3) works 20 or fewer weeks, in a job scheduled to last 20 weeks or less in a calendar **year**; and 4) has health care coverage from another source other than VHAP or Medicaid.

Part-time employee: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to ALL of its full-time employees; and, 2) works less than an average of 30 hours per week, or fewer than a total of 390 hours in a calendar **quarter**; and, 3) has health care coverage from another source other than VHAP or Medicaid.

Uncovered Employee:

- a) An employee of an employer who does not offer to pay any part of the cost of health care coverage* for its employees. (*Coverage must include hospital and physician services.)
- b) An employee who is not eligible for the health care coverage offered by the employer; or
- c) An employee who is offered and is eligible for coverage by the employer, but elects not to accept the coverage and has no other health care coverage under either a private or public plan; or
- d) A “seasonal” or “part-time” employee who has VHAP, Medicaid, or no coverage, or has worked 21 weeks or more (in the case of a seasonal employee), or has worked 390 hours or more (in the case of a part-time employee).
- e) An employee who declines the employer’s offer of health care coverage and the employer has no declaration of health care coverage.

Health Care Coverage: Catamount Health Care, Medicare, Medicaid, the Vermont Health Access Plan (VHAP), or private insurance or employer-sponsored plan that **INCLUDES** both hospital and physician services.

Important Reporting Details:

- **NOTHING** has changed with the reporting of information related to Unemployment Insurance. Reporting data on the upper portion of the Quarterly Wage and Contribution C-101 remains the same. The following information **ONLY** relates to determining data ultimately reported on Quarterly Wage and Contribution C-101 Report, Lines 16 and 17.
- Reporting is based on “uncovered” employees, who were 18 for the entire quarter, whose gross wages were reported on the upper portion of the C-101 report during the reporting quarter.
- Health Care Contributions are based on the Full-Time Equivalent (FTE) of hours worked in Vermont by “uncovered” employees during the reporting quarter. Hours representing work performed in another state may be omitted from the “uncovered” FTE calculations.
- FTE calculation is based on hours **WORKED** in Vermont. Hours representing non-worked hours, such as vacation pay, paid unworked holiday, or sick pay, may be omitted from the FTE calculations.

- Hours worked by “uncovered” employees should be accumulated throughout the quarter, capping total hours at 520, for EACH employee, PER quarter.
- If an employee has health care coverage at any point during the reporting quarter, the employee is excluded from the FTE calculations for the ENTIRE quarter.
- Employees, who are enrolled in the health care plan their employer offers to pay a portion of, would be EXCLUDED from the FTE calculations during the reporting quarter.
- An employee who is “**eligible**” **AND** “**enrolled**” in a health care plan, but is not actually covered until a subsequent quarter, shall be considered to have health care coverage, provided such intervening period is not longer than six months. This situation is NOT a customary probationary period as, generally speaking, employees in a probationary period are neither eligible nor able to enroll in a health care plan. As such, employees in a probationary period would be considered “uncovered”, unless they obtain health care coverage before the end of the reporting quarter.
- All hours worked during the reporting quarter by “**seasonal**” employees, who work their 21st week, will be included in the “uncovered” FTE calculation during the quarter the 21st week was worked and for each quarter thereafter during the calendar year.
- All hours worked by a “**part-time**” employee, who worked 390 hours or more during a calendar quarter, will be included in the “uncovered” FTE calculation.
- Declaration of Coverage forms only need to be completed by employees of an employer who offers to pay a portion of a health care plan, when such employee is 1) eligible for and has opted out of the plan, or 2) is a “seasonal” or “part-time” employee not currently enrolled in the employer’s plan. The Declaration of Coverage form must be retained by the employer for 3 years in support of health care reporting.
- The “portion” of Health Care Coverage plan the employer must pay is not defined.

Completion of Health Care Contribution Worksheet – Form HC-1

Data for reporting on C-101 lines 16 and 17 will be determined by completion of the Form HC-1. If there is no Health Care FTE or Contributions due, zeros must be reported on C-101 lines 16 and 17.

Section I: Employers who do not offer to pay a portion of health care plan for ANY of its employees will use this section for reporting. Enter the total number of hours worked by ALL employees on line 1 in Section I and then proceed to “Calculations”.

Section II: This section is split into two categories.

Line 1 of Section II is used for reporting the number of hours worked by all employees, who were offered and are eligible for coverage, but elect not to accept the coverage and have indicated on the Declaration of Coverage form that they have no other health care coverage.

Line 2 of Section II is used for reporting the number of hours worked by all employees who are not eligible for health care coverage offered. Ineligible situations could include, but are not limited to: health care not available due to pre-existing health condition or employee is in probationary period. You should also report on this line the total number of hours worked by all “seasonal” or “part-time” employees who: 1) do not have health care; or, 2) have VHAP or Medicaid; or, 3) have worked over the hours/time period allowable to be classified as a “seasonal” or “part-time” employee.

Calculations:

Line A: Enter the grand total of hours worked by all “uncovered” employees indicated in Section I or II. If grand total is a partial hour, round down to the nearest hour.

Line B: To determine the **unadjusted** FTE count, divide Line A total by 520. Again, if total is a partial number, round down to the nearest whole number.

Line C: To determine the **adjusted and reportable** FTE count, subtract the number of exempted * employees from Line B. If results are equal to or below zero, you MUST report zero on Line C and Line 16 of the Quarterly Wage and Contribution C-101 Report. * Exemptions are indicated on the HC-1 form mailed with the C-101 report for the reporting quarter.

Line D: To determine the amount of Health Care Contribution, multiply the **adjusted** FTE count indicated on Line C by **the amount indicated on the HC-1 form** mailed with the Quarterly Wage & Contribution C-101 report for the reporting quarter. If result is zero, you MUST report zero on Line D and Line 17 of the Quarterly Wage and Contribution C-101 Report.

If you have questions about this reporting, please refer to information provided on our website at: www.labor.vermont.gov, contact your local VDOL Field Representative, or call Employer Services at 802-828-4344.